

Master Settlement Agreement

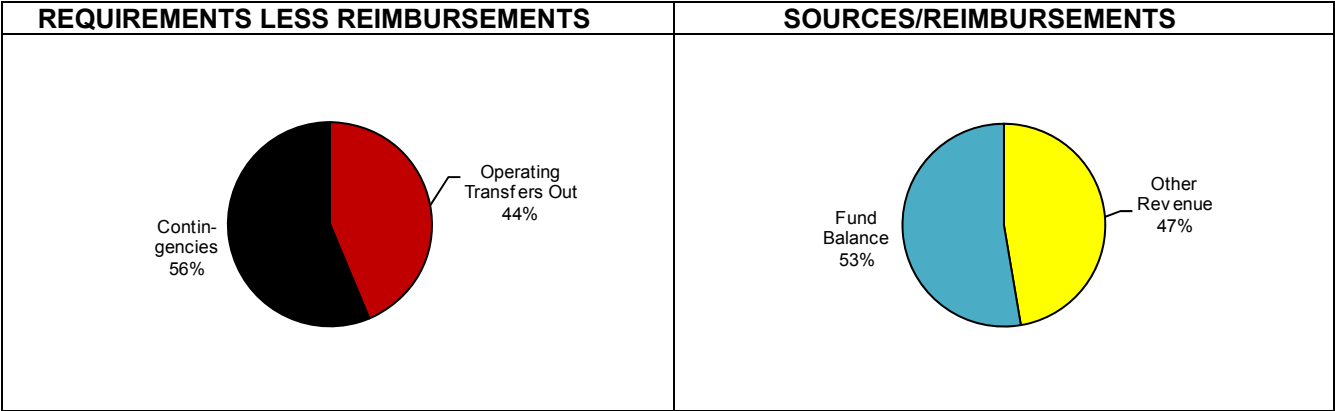
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

Budget at a Glance	
Total Requirements	\$38,897,275
Total Sources	\$18,404,020
Fund Balance	\$20,493,255
Use of Fund Balance	\$0
Total Staff	0

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2013-14 RECOMMENDED BUDGET



ANALYSIS OF 2013-14 RECOMMENDED BUDGET

GROUP: Human Services
 DEPARTMENT: Health Administration
 FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
 FUNCTION: Health and Sanitation
 ACTIVITY: Hospital Care

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Estimate	2012-13 Modified Budget	2013-14 Recommended Budget	Change From 2012-13 Modified Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	10,207,376	21,897,275	11,689,899
Total Exp Authority	0	0	0	0	10,207,376	21,897,275	11,689,899
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	10,207,376	21,897,275	11,689,899
Operating Transfers Out	15,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	15,000,000	17,000,000	17,000,000	17,000,000	27,207,376	38,897,275	11,689,899
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,409,065	17,812,890	18,134,168	27,360,879	17,075,000	18,404,020	1,329,020
Total Revenue	17,409,065	17,812,890	18,134,168	27,360,879	17,075,000	18,404,020	1,329,020
Operating Transfers In	0	0	3,146,181	0	0	0	0
Total Sources	17,409,065	17,812,890	21,280,349	27,360,879	17,075,000	18,404,020	1,329,020
Fund Balance					10,132,376	20,493,255	10,360,879
Budgeted Staffing					0	0	0

MAJOR EXPENDITURES AND REVENUE IN 2013-14 RECOMMENDED BUDGET

Contingencies of \$21.9 million are increasing by \$11.7 million based on available fund balance and increased sources.

Operating transfers out of \$17.0 million reflect a transfer to the general fund which is then used to fund the net county cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that net county cost to fund the \$4.3 million realignment local match requirement and \$10.7 million of net debt service lease payment for ARMC.

Other revenue of \$18.4 million reflects anticipated revenue from the major tobacco companies to the Master Settlement Agreement fund.

BUDGET CHANGES AND OPERATIONAL IMPACT

Requirements have increased by \$11.7 million due to additional fund balance available.

Revenues from the Master Settlement Agreement have remained stable over the past four years with the exception of a 'spike' in Fiscal Year 2012-13 due to a settlement regarding the Non-Participating Manufacturers (NPM) Adjustment. The majority of sources will continue to be directed towards ARMC lease payments.

Sources are increasing by \$1.3 million due to increased share of projected sales tax from settlement.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

